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NSC BRIEFING

4 OCTOBER 1955

MIDDLE EAST MANEUVERS

I. Egypt's arms deal with the Soviet Bloc is firm.

A. In talks with Ambassador Byroade and Asst. Sec'y Allen on 1 Oct, Nasr reiterated his determination to go through with deal, expressing great confidence in his ability to avoid entanglements with Communism.

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II. USSR, in recent months, has offered not only arms but economic help and attractive barter arrangement to Middle East countries.

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A. Such economic aid offers to Egypt may come next.

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III. Nasr may come to feel, as he feels about arms, that West is delaying too long, posing too many restrictive conditions on economic assistance to Egypt.

A. IBRD mission completed survey on "high dam" project in Dec 54, found it technically feasible, but has still not made Egypt a proposition.

B. Moreover, IBRD loan rate is usually 4 to 5% to Middle Eastern countries.

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IV. Soviets, having netted Nasr with arms deal, are not resting on oars. Elsewhere in Middle East:

(failed to deny reported)
A. Syrian government has confirmed receipt of new Soviet arms offer, *although the Prime Minister has stated that he prefers NOT to deal with Sov* Damascus press reaction to Egypt's deal *blue on arms pro-Soviet.*
has been very favorable.

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- D. Such opportunities for long-range economic penetration of Middle East probably far more ominous than spot deals for arms. Reminiscent of historical German commercial penetration of area.
- V. Thusfar, however, announcement of Egyptian-Bloc arms deal seems to have gained Egypt more than it has Bloc.
- A. Egyptian initiative in breaking away from West, rather than Soviet willingness to "assist," is what ^{has drawn}/applause from both Arab press and Arab officials.
- B. Of all the Arab states, only Iraq has actually disapproved of Egypt's action.
- VI. Israelis, convinced that Egypt will use Soviet arms against them, are demanding that action be taken by West (particularly US) to deter aggression.
- A. Ambassador Eban, in urging this action on US, said that Israeli attitude was: "let's not sit here like rabbit waiting for the kill."
- B. Tel Aviv wants Western arms to counter threatened imbalance; also wants more Western guarantees of status quo in area.
- VII. Israel may be expected to try to procure arms from any available source, if Western powers do not provide them.
- A. Israeli government has already stated: "Israel would take all possible steps to close the gap, if Egypt acquires substantial supply of arms."

B. Israel can secure considerable military equipment from various arms hawkers in Europe.

1. Major problem, in this connection, is how to supply and maintain variously-acquired equipment.

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IX. Meanwhile, Israel is likely to assume a more belligerent posture toward Arabs.

A. Tougher frontier policy likely, with more incidents as a result.

B. In months ahead, Israel is likely to ponder idea of full-scale "preventive" war before Arabs overtake Israeli military strength.